

# COMMITTEE REPORT

---

## MADAM PRESIDENT:

The Senate Committee on Judiciary, to which was referred House Bill No. 1081, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1           Page 1, between the enacting clause and line 1, begin a new  
2           paragraph and insert:  
3           "SECTION 1. IC 32-31-3-13 IS AMENDED TO READ AS  
4           FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 13. A security deposit  
5           may be used only for the following purposes:  
6           (1) To reimburse the landlord for actual damages to the rental unit  
7           or any ancillary facility that are not the result of ordinary wear and  
8           tear.  
9           (2) To pay the landlord for:  
10           (A) all rent in arrearage under the rental agreement; and  
11           (B) rent due for premature termination of the rental agreement  
12           by the tenant. **However, this clause does not apply to a**  
13           **rental agreement terminated in accordance with**  
14           **IC 32-31-8-7.**  
15           (3) To pay for the last payment period of a residential rental  
16           agreement if a written agreement between the landlord and the  
17           tenant stipulates that the security deposit will serve as the last  
18           payment of rent due. **However, if a rental agreement is**  
19           **terminated in accordance with IC 32-31-8-7, this subdivision**  
20           **applies only to the prorated rent due, if any.**

(4) To reimburse the landlord for utility or sewer charges paid by the landlord that are:

- (A) the obligation of the tenant under the rental agreement; and
- (B) unpaid by the tenant.

SECTION 2. IC 32-31-8-1, AS AMENDED BY P.L.62-2008, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) Except as provided in **section 7 of this chapter or in** subsection (b), this chapter applies only to dwelling units that are let for rent under a rental agreement entered into after June 30, 2002.

(b) This chapter does not apply to dwelling units that are let for rent with an option to purchase under an agreement entered into before July 1, 2008."

Page 1, line 1, delete "IC 32-29-7-3.3" and insert "IC 32-31-8-7".

Page 1, line 3, delete "Sec. 3.3." and insert "**Sec. 7.**".

Page 1, line 4, after "into" insert ", **extended,**".

Page 1, delete lines 5 through 17, begin a new paragraph and insert:

**"(b) This section applies only to real property containing one (1), two (2), three (3), or four (4) rental units that is the subject of a judgment of foreclosure under IC 32-30-10-5. However, this section does not apply if:**

**(1) a receiver is appointed in the foreclosure action under IC 32-30-5; or**

**(2) if the plaintiff asking foreclosure states in its complaint that the foreclosure will not affect the rights of a tenant not in default of the tenant's lease.**

**(c) As used in this section, "former landlord" means the landlord at the time the judgment of foreclosure was entered.**

**(d) As used in this section, "former owner" means the owner at the time the judgment of foreclosure was entered.**

**(e) Not later than ten (10) days after the judgment of foreclosure on real property described in subsection (b) is entered, the former owner of the real property shall provide each tenant with written notice of:**

**(1) the judgment of foreclosure; and**

**(2) the tenant's rights under this section;**

**by registered or certified mail.**

**(f) A tenant of real property described in subsection (b) has the right to terminate the tenant's rental agreement upon written notice delivered to the former landlord. Termination of a rental agreement under this subsection is effective on a date established**

- 1       by the tenant, but not earlier than:
- 2           (1) ten (10) days after the tenant receives the written notice
- 3           described in subsection (e); or
- 4           (2) ten (10) days after the date the judgment of foreclosure is
- 5           entered, if the tenant does not timely receive the written
- 6           notice described in subsection (e).
- 7       (g) A tenant who terminates a rental agreement under this
- 8       section is liable for all rent and other charges due under the rental
- 9       agreement to the effective date of termination, in an amount that
- 10      is prorated to the effective date of termination. Rent due under this
- 11      subsection is payable at the time it would have been payable under
- 12      the terms of the rental agreement being terminated.
- 13      (h) Except for the rent and other charges payable as described
- 14      in subsection (g), a tenant who terminates a rental agreement
- 15      under this section is not liable for any other rent or charges solely
- 16      because of the early termination of the rental agreement. However,
- 17      a tenant may be liable for other charges if the tenant causes
- 18      damage to the rental premises.
- 19      (i) A tenant may bring an action in any court having jurisdiction
- 20      to enforce an obligation of a former owner or a former landlord
- 21      under this section, or to obtain a remedy for the former owner's
- 22      noncompliance. If the tenant prevails in an action brought under
- 23      this section, the tenant may recover:
- 24           (1) actual and consequential damages;
- 25           (2) reasonable attorney's fees and court costs; and
- 26           (3) reasonable relocation expenses.
- 27      (j) A waiver of this chapter by a landlord or current or former
- 28      tenant, by contract or otherwise, is void."
- 29      Delete pages 2 through 3.
- 30      Renumber all SECTIONS consecutively.
- (Reference is to HB 1081 as reprinted February 10, 2009.)

**and when so amended that said bill do pass .**

Committee Vote: Yeas 7, Nays 3.

---

**Senator Bray, Chairperson**